

Thu, June 23, 2016

Vietnam Daily Review

Looking for the vote result

BSC's Forecast on the stock market

| | Negative | Neutral | Positive |
|---------------------|----------|---------|----------|
| Day 24/6/2016 | | | • |
| Week 20/6-24/6/2016 | | • | |
| Month 6/2016 | | • | |

Highlight

Optimism has helped global stock markets recovered since Monday, including Vietnam market. Today, the rise was more notable as VN-Index surpassed the resistance at 630 pts along with better liquidity. But when most of the market underestimated the possibility of Brexit, an unexpected result would cause a more serious impact than usual. Today, the votes for remain according to the survey was higher, but not overwhelming, and the campaign is still continuing. A day before the referendum, British Prime Minister Cameron still went to Birmingham to call for remain vote. Therefore, cautious was not useless.

Recommendation

While the key markets in the world are traded in cautiousness and trading volume remains low (such as the US market with the S & P 500 and Dow -0.27% -0.2%, Nasdaq -0.22% Germany -0.53%, -0.21% France) to wait for the results from Proposed referendum on United Kingdom membership of the European Union, VN stock market enjoyed positive session especially at the end of the trading session, volume increased. Proposed referendum on United Kingdom membership of the European Union will end at 22:00 BST 23.06 corresponding to 4:00 on 24.06 in VN and the preliminary results will be released about 4 hours later. VN stock market is expected to move corresponding to result from Brexit and will be more exciting. The market today trading activities was quite active and VN-Index closed above 630 after 4 attempts to conquer this resistance but retreat in recent 1 month. However, a negative result from Brexit is likely to negatively make the market more volatile in the short-term, so investors are recommended to hold the safe weights of stocks in the portfolio and wait for result before deciding to open new positions.

Company Updates - APC - An Phu Irradiation Jsc. (HOSE)

Technical Views - APC - An Phu Irradiation Jsc. (HOSE)

BSC RESEARCH

Head of Research

Tran Thang Long
longtt@bsc.com.vn

Macro & Market Team

Bui Nguyen Khoa
khoabn@bsc.com.vn

Vu Thanh Phong
phongvt@bsc.com.vn

Do Nam Tung
tungdn@bsc.com.vn

Nguyen Quoc Truong

VN-INDEX **632.27**
Value: 2118.18 bil **5.86 (0.94%)**
Foreigners (net): -VND 79.735 bil

HNX-INDEX **85.33**
Value: 544.13 bil **0.52 (0.61%)**
Foreigners (net): -VND 3.455 bil

UPCOM-INDEX **58.67**
Value 122.48 bil **0.5 (0.86%)**
Foreigners (net): VND 7.481 bil

Macro indicators

| | Value | % Chg |
|------------------------|--------|-------|
| Crude oil | 49.3 | 0.3% |
| Gold | 1,270 | 0.3% |
| USDVND | 22,290 | -0.1% |
| EURVND | 25,341 | 0.6% |
| JPYVND | 21,327 | -0.1% |
| 1-month Interbank rate | 2.4% | - |
| 5yr VN Treasury Yield | 6.4% | - |

Source: Bloomberg, BSC Research

Content

| | |
|-----------------------|---|
| Market highlights | 2 |
| Company Updates APC | 3 |
| Technical Views APC | 4 |
| Stock recommendations | 5 |
| Market statistics | 6 |

This report must be read with the Disclosure, located at the end of this report.

Do Nam Tung

Quantitative Analyst

tungdn@bsc.com.vn

Market highlights

The positive showed off since morning session, trades at large value of VNM supported market once again returned to test 630 threshold, however, at the end of the morning rally was losing altitude. Only since afternoon session, market's upward momentum was reinforced by pull from other BCs such as VIC, banking groups with CTG and VCB especially. Although oil price corrected by the rise of US stockpiles not as expected, GAS also joined that rally. VN-Index surpassed 630 points. The positive reflected in 21% up of trading value.

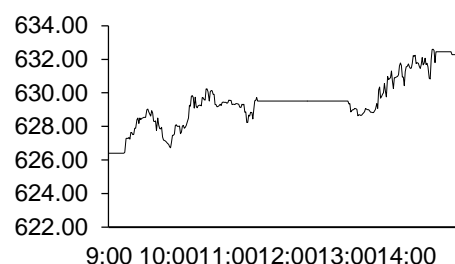
Market breadth maintained positive, gainers overwhelmed losers (145 advancers/ 78 decliners). In particular, the upward momentum of the pharmaceutical and health stocks with DMC, DHG and DCL continue to attract attention. Besides, some other groups should not be overlooked including the rubber - tires with DRC, CSM and TRC or MWG with session traded at ceiling.

Today, rally on HOSE spread to the other exchanges. HNX-Index had a weaker gain but still witnessed better liquidity and market breadth. Trading value concentrated in SCR.

Upcom also gained well, though with a closer look, liquidity no longer remained high, trading focused on S33 and GEX as well as market was still quite narrow.

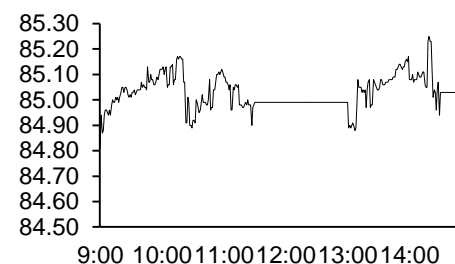
Foreigners were net-sellers on both main exchanges.

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

| Ticker | Volume | Price | % Chg |
|--------|--------|-------|-------|
| FLC | 9.33 | 6.2 | 1.64 |
| DLG | 6.12 | 7.3 | 4.29 |
| HPG | 4.41 | 40.1 | 1.26 |
| HHS | 4.02 | 10 | 1.01 |
| BHS | 3.9 | 19.6 | 3.7 |

Source: Bloomberg, BSC Research

Recommendations

Not only the stock market, commodity markets will also be affected mainly from Proposed referendum on United Kingdom membership of the European Union at the weekend. A bad result from Brexit would push the market volatility and raise US dollar index, making the demand of basic commodities such as gold, oil rise simultaneously. Conversely, a good result from Brexit would likely help the demand of risky assets on the stock market improve. Investors can refer to the report from BSC regarding Brexit from link. In the short term, oil price volatility is likely influenced by result from Brexit rather than from fundamental factors such as supply and demand. In the medium term, WTI oil prices may continue to fluctuate in zone 46-50 based on fundamental factors. Investors interested in oil and gas stocks can be based on aforementioned view to form appropriate trading strategy.

Tran Thi Hong Tuoi
Equity Analyst

tuoith@bsc.com.vn

Company updates

APC - An Phu Irradiation Jsc. (HOSE)

Irradiation industry is monopolistic, high barriers to entry. Irradiation is a conditional business. To entry, the companies must be licensed to use and import radiation sources by Vietnam Government and by IAEA. Operating irradiation equipment must obey CODEX recommendations on food hygiene, radiation amount and packaging. In Vietnam, there are 4 companies operating in irradiation industry, namely, An Phú Irradiation JSC (APC), Thái Sơn, Sơn Sơn and Vina Gama (under Ministry of Science and Technology). Until now, APC has given up the market of fruit irradiation to Sơn Sơn due to inefficiency. The company focuses on irradiation of seafood, frozen fruit, dried foods, etc. Thai Son and Vina Gama also operate in these segment, though Thai Son is not a direct competitor of APC.

Outstanding capacity. APC owns 2 irradiation factories in Binh Duong and Vinh Long. The Binh Duong factory has 3 production lines, which are capable of storing and operating 6 million Ci; while the one in Vinh Long is small-sized). Thai Son's irradiation factory has one production line, able to store 5 million Ci. Vina Gama has one factory in Binh Dương which is much smaller (about 400,000 Ci). Currently, the irradiation factory in Binh Duong is operating at 2.1 million Ci.

Giving up fresh fruit irradiation, focusing on seafood and frozen fruit irradiation. APC and Sơn Sơn are the only two organizations in Vietnam that have been licensed for fresh fruit irradiation. The company used to irradiate fresh fruit to to Moc Phat Import Export Co.Ltd which is owned by Mr.Vương Đình Khoát, former director of APC during 2008-2012. Unlike other countries, where the expenses paid to Animal and Plant Health Inspection Service of USDA are based on actual irradiation output, APC has to pay a fixed expense of \$300.000-400.000 to USDA each year (equivalent to irradiation of 500-650 tons of fresh fruit). Also, the company bears some other expenses related to irradiation and packaging, which make the total cost of fruit irradiation higher than the revenue of 60-70 cents per kilogram. The fresh fruit irradiation line, thus, is making loss for APC, according to the company.

Irradiation price rose 25% in 2015 after Thai Son became the main holder of APC. APC's 2015 business results were improved. Gross margin increased sharply from 48% in 2014 to 53%. Consolidated company's net income was VND 27 billion (2014 net income was 25 billion). Irradiation factory in Vinh Long started to generate profit in 2014 (after-tax profit of VND 0.5 billion in 2014 then rose to VND 9.2 billion in 2015).

High and increasing efficiency. Average gross margin was at between 48% and 53%, pretax profit margin was 17-35% during 2012-2015. In 2015, gross margin was 53%, pretax margin was 35%. This is because (1) irradiation price rose 25%, (2) ceasing fruit irradiation.

Other information. APC is using Cobalt-60 imported by Thai Son from supplier in Canada. Cobalt expense accounted for about 20% APC's cost of good sold. 1 Ci of radioactive costs about \$5-6, increasing 5-10% per year. Total cost of importing radioactive sources in 2015 was VND 53 billion. Because Thai Son imports in large amount, price of radioactive supplied to APC is lower than Vina Gama (about \$7-8 per Ci). Cobalt's life cycle is about 5.3 years on average, annual radioactivity decay is about 13%, therefore, annual import Cobalt will reduce 13% of reduction of radioactivity decay each year.

On June 22, 2016, APC was traded at VND 16,700 per share, equal to P/E of 5.98x and P/B of 1.06x, which are quite attractive. Dividend is 5% cash.

High performance target for 2016. APC targets revenue of VND 116.51 billion (+14.38%yoy), net income of VND 33.76 billion (+23,66% yoy), equivalent to EPS of VND 2,808 per share.

Stock recommendations

Short-term portfolio

| No. | Ticker | Date | Buy price | Current price | Unrealized gain/ loss | Cutlosses | Target |
|----------------|--------|-----------|-----------|---------------|-----------------------|-----------|--------|
| 1 | CVT | 3/6/2016 | 26.8 | 32.1 | 19.8% | 24.9 | 30.0 |
| 2 | HHG | 3/6/2016 | 8.9 | 10.9 | 22.5% | 8.3 | 10.0 |
| 3 | GTN | 21/3/2016 | 15.8 | 21.2 | 34.2% | 14.7 | 17.7 |
| 4 | TMS | 9/5/2016 | 66.5 | 63.5 | -4.5% | 61.8 | 74.5 |
| 5 | NCT | 9/5/2016 | 112 | 111 | -0.9% | 104.2 | 125.4 |
| 6 | CTI | 27/5/2016 | 24.3 | 29.2 | 20.2% | 22.6 | 31.8 |
| 7 | S55 | 13/6/2016 | 45.5 | 48 | 5.5% | 42.3 | 51.0 |
| 8 | HVG | 13/6/2016 | 10.4 | 10.2 | | 9.7 | -1.9% |
| 9 | HTL | 17/6/2016 | 94.0 | 95 | 1.1% | 83 | 105 |
| Average | | | | | 12.2% | | |

Source: BSC Research

CANSLIM portfolio

| No. | Ticker | Date | Buy price | Current price | Unrealized gain/ loss | Cutlosses | Target |
|----------------|--------|------------|-----------|---------------|-----------------------|-----------|--------|
| 1 | MBB | 27/4/2015 | 13 | 15 | 15.4% | 13 | 15.6 |
| 2 | CMG | 16/10/2015 | 14.6 | 14 | -4.1% | 17 | 17.5 |
| 3 | DAG | 10/6/2016 | 12.2 | 12.8 | 4.9% | 11 | 15.0 |
| 4 | CTD | 29/4/2016 | 168.5 | 200 | 18.7% | 157 | 202 |
| 5 | TTC | 27/5/2016 | 21.7 | 25.7 | 18.4% | 20 | 26.0 |
| 6 | BIC | 17/6/2016 | 22.1 | 22.6 | | 21 | 27 |
| Average | | | | | 10.7% | | |

Source: BSC Research

Nguyen Quoc Truong

Research Analyst

truongnq@bsc.com.vn

APC - An Phu Irradiation Jsc. (HOSE)

Technical highlights:

- The current trend: Short-term correction (support 13.7), up trending in the medium to long term (supports 12.9-13.2)
- MACD trend indicator: Negative, RSI: up trending towards the 70 zone.
- Liquidity: Approximately 700,000 shares / day

Conclusion: BCC may try to test the support level of 13.7 or lower in the next session while the technical indicators are showing signs of weakening.

Recommendation: The downtrend may be formed together with a weakening demand. HOLD is not recommended at the present time. May try initial BUY orders to test reversal when the stock of goes to support levels below 13.2.



Market statistics

Top 5 leaders on the HSX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|---------|
| VCB | 48 | 2.56 | 1.609 | 688340 |
| VNM | 140 | 0.72 | 0.604 | 1.15MLN |
| CTG | 17.2 | 1.78 | 0.562 | 479790 |
| MWG | 115 | 6.48 | 0.517 | 448580 |
| Ticker | Price | % Chg | Index pt | Volume |
| SBT | 31.5 | -3.96 | -0.121 | 2.70MLN |
| GTN | 21.2 | -6.61 | -0.113 | 1.61MLN |
| FPT | 41.9 | -1.18 | -0.1 | 826170 |
| SHP | 18.6 | -7.46 | -0.071 | 73180 |
| PVD | 32 | -1.23 | -0.07 | 1.37MLN |

Top 5 gainers on the HSX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| SII | 26.3 | 6.91 | 0.05 | 20 |
| TYA | 18.6 | 6.9 | 0.003 | 273770 |
| DHA | 32.8 | 6.84 | 0.016 | 297660 |
| MDG | 12.7 | 6.72 | 0.004 | 81200 |
| TDW | 34.2 | 6.54 | 0.009 | 10 |

Top 5 losers on the HSX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| VNH | 0.9 | -10 | 0 | 9870 |
| BTT | 35.6 | -6.32 | -0.013 | 13980 |
| D2D | 30.6 | -5.26 | -0.009 | 2760 |
| VPS | 19.8 | -4.81 | -0.009 | 50 |
| VOS | 2.1 | -4.55 | -0.007 | 10470 |

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|---------|
| PVR | 3.4 | 9.68 | 0.07 | 100 |
| KKC | 14.5 | 5.84 | 0.069 | 5800 |
| AAA | 24.1 | 7.11 | 0.041 | 1.12MLN |
| VBC | 70.5 | 5.22 | 0.036 | 2400 |
| Ticker | Price | % Chg | Index pt | Volume |
| | 3.8 | -2.56 | -0.049 | 206800 |
| TV2 | 92.1 | -0.97 | -0.02 | 1700 |
| | 58.8 | NTP | -0.016 | 6100 |
| PVG | 7.7 | -1.28 | -0.012 | 26600 |
| L14 | 79 | -4.7 | -0.011 | 800 |

Top 5 gainers on the HNX

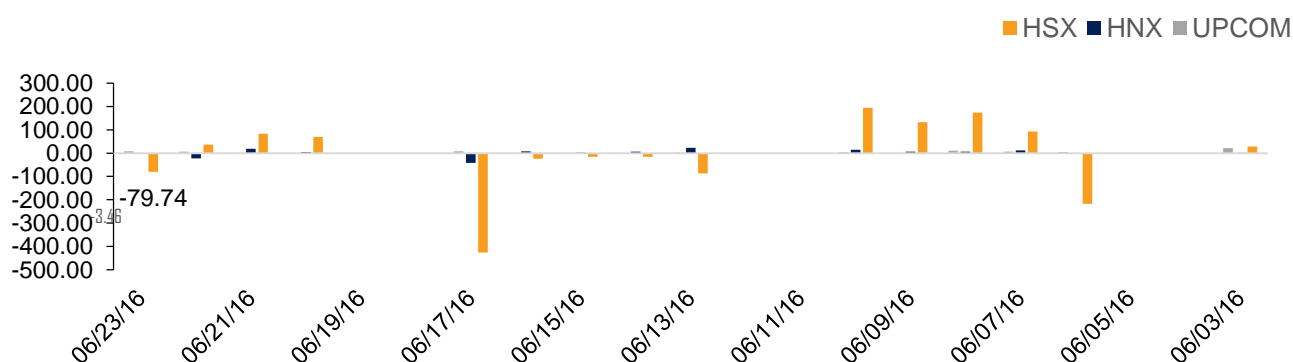
| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| SIC | 12.2 | 9.91 | 0.004 | 2500 |
| TV3 | 54.4 | 9.9 | 0.018 | 200 |
| PEN | 9 | 9.76 | 0.021 | 2900 |
| PVR | 3.4 | 9.68 | 0.07 | 100 |
| TFC | 22.7 | 9.66 | 0.014 | 23900 |

Top 5 losers on the HNX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| GMX | 21 | -9.87 | -0.005 | 3200 |
| ONE | 9.1 | -9.9 | -0.003 | 31100 |
| DID | 4.6 | -9.8 | -0.002 | 10100 |
| NHA | 9.3 | -9.71 | -0.005 | 100 |
| KMT | 5.8 | -9.38 | -0.004 | 500 |

Exhibit 3

Foreign transaction



Source: HSX, HNX, BSC Research

Disclosure

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. BSC and other companies in the BSC and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. This document is for private circulation only and is not for publication in the press or elsewhere. BSC accepts no liability whatsoever for any direct or consequential loss arising from any use of this or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user. No part of this material may be (i) copied, photocopied or duplicated in any form by any mean or (ii) redistributed without the prior written consent of BIDV Securities Company (BSC).

BSC Headquarters

BIDV Tower, 10th & 11th Floor
35 Hang Voi, Hoan Kiem, Hanoi
Tel: +84 4 3935 2722
Fax: +84 4 2220 0669

Ho Chi Minh City Office

146 Nguyen Cong Tru St, 9th Floor
District 1, HCMC
Tel: +84 8 3821 8885
Fax: +84 8 3821 8510

<http://www.bsc.com.vn>

Bloomberg: BSCV <GO>

